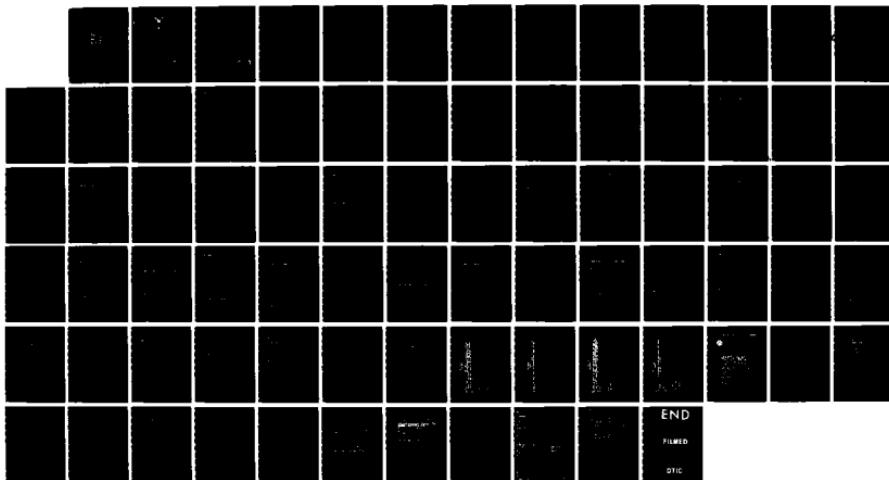
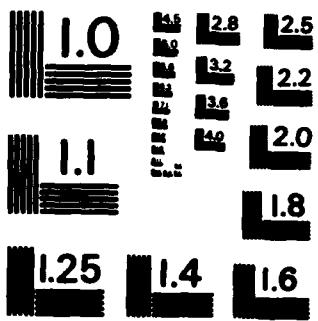


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FACTORS INFLUENCING THE DEVELOPMENT
OF THE AIR FORCE SYSTEMS COMMAND
PROGRAM OBJECTIVE MEMORANDUM

THESIS

Mark Welty
Captain, USAF

AFIT/GSM/LSY/848-31

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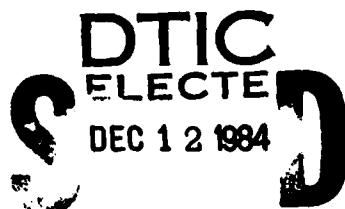
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FACTORS INFLUENCING THE DEVELOPMENT
OF THE AIR FORCE SYSTEMS COMMAND
PROGRAM OBJECTIVE MEMORANDUM

THESIS

Presented to the Faculty of the School of Systems and Logistics
of the Air Force Institute of Technology
Air University
In Partial Fulfillment of the
Requirements for the Degree of
Master of Science in Systems Management

Mark Holty, B.A.

Captain, USAF

September 1984

Approved for public release; distribution unlimited

Preface

This research was an outgrowth of my experience with the preparation of the fiscal year 1985-87 Program Objective Memorandum (POM) submission by the Electronic Systems Division (ESD) of the Air Force Systems Command (AFSC). During that exercise, there were a wide variety of official and unofficial factors that came together to influence the development of ESD's POM submission to HQ AFSC. The officers and Air Force civilians that were experienced in the POM process all seemed to know and understand these factors, but they were not mentioned in the written POM instructions and guidance we used. Thus, newcomers to the programming process were at a disadvantage, because they did not know which factors tended to drive the POM development.

I proposed this project to authoritatively describe these POM influencing factors at HQ AFSC, both to enlighten the POM novice, and to identify any areas where improvements could be made in the AFSC programming process.

Dr. Anthony P. D'Angelo served as my thesis advisor. I am indebted to him for taking on another project, in spite of an already full schedule. His expertise in federal financial management was essential in helping me locate relevant source material. Lt Col William F. Shaw provided additional expertise as my thesis reader. His experience in past POM development exercises helped to ensure the

technical accuracy of the material presented here. This thesis could not have been completed without the cooperation and assistance of Lt Col Gordon F. Hollibaugh at HQ AFSC, as well as the other survey respondents. I also want to acknowledge the indirect contribution of Dr. Charles R. Fenno, who taught in class the meaning of professional communication.

The time spent on this project was usually found at the expense of my family. I sincerely appreciate my wife's dual contribution of her editorial assistance and substantial patience. Of those affected, however, the largest sacrifice was made by my children, who are old enough to need my attention, but too young to understand why I wasn't always there. Now their time has come.

Mark Walty

Table of Contents

	Page
Preface	ii
List of Figures	vi
List of Tables	vii
List of Acronyms	viii
Abstract	ix
I. Introduction	1
General Issue	1
Specific Problem	2
Scope of the Research	3
Research Questions	3
II. Literature Review	5
History of the DOD PPBS	5
The POM and its Function in the PPBS	11
The AFSC POM Development Cycle	15
III. Methodology	23
Selection of Data Collection Technique	23
Description of the Survey Instrument	25
Survey Population and Measurement Validity	26
IV. Findings and Analysis	28
Sample Demographic Data	28
Goals and Objectives	30
Direction, Guidance, and Source Information	32
POM Influencing Factors	38
V. Conclusions and Implications	44
Research Questions	44
Implications	46
Directions for Future Research	48

	Page
Appendix A: Sample Program Decision Packages	49
Appendix B: AFSC FY 86-90 POM Call (With Selected Attachments)	53
Appendix C: Survey Instrument (Interview Outline) . .	59
Bibliography	61
Vita	63

List of Figures

Figure	Page
1. Time-Phase Relationships of Programming and Budgeting Processes for Fiscal Year 1967	13

List of Tables

Table		Page
I.	Mission Area Panels at HQ AFSC	19
II.	AFSC FY 86 POM Schedule	22
III.	Survey Respondents	29
IV.	Available POM Information Sources	37
V.	POM Influencing Factors External to AFSC . . .	39
VI.	Relative Importance of Internal and External POM Influencing Factors	42

List of Acronyms

AFSC	Air Force Systems Command
BES	Budget Estimate Submission
DCS	Deputy Chief of Staff
DG	Defense Guidance
DoD	Department of Defense
DRB	Defense Resources Board
ESD	Electronic Systems Division
FY	fiscal year
FYDP	Five Year Defense Program
FYFSSFP	Five Year Force Structure and Financial Plan
HQ	Headquarters
MAJCOM	major command
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PDM	Program Decision Memorandum
PD ^P	Program Decision Package
PEM	Program Element Monitor
POM	Program Objective Memorandum
PPBS	Planning, Programming, and Budgeting System
PRC	Program Review Committee
RDT&E	Research, Development, Test, and Evaluation
SYSTO	System Officer
TOA	Total Obligation Authority
UFB	Unified Federal Budget

Abstract

This investigation identifies the formal and informal factors that influence the annual development of the Program Objective Memorandum (POM) at HQ Air Force Systems Command (AFSC). The POM is a key element of the DoD Planning, Programming, and Budgeting System (PPBS), and is designed to bridge the gap between fiscally unconstrained military planning activities, and the fiscally constrained DoD budget submission. AFSC and other Air Force major commands (MAJCOMs) prepare POM submissions for HQ USAF, where they are used in the development of the USAF POM.

The history of the DoD PPBS is reviewed, along with a discussion of the concept of the POM and its role in the PPBS, and a description of the AFSC POM development cycle.

A survey, in the form of structured interviews, was conducted at HQ AFSC among a sample of POM decision makers. The results indicate a number of factors that influence the POM development to varying degrees. Some of these factors arise as a result of program-related developments outside of AFSC. The predominant factors, in terms of their effects on the AFSC POM, are the program priorities of HQ USAF and the MAJCOMs that will use the weapon systems being developed by AFSC.

The report calls into question the practice of prioritizing certain programs in the AFSC POM submission, based on an apparent duplication of effort at AFSC and HQ USAF.

FACTORS INFLUENCING THE DEVELOPMENT
OF THE AIR FORCE SYSTEMS COMMAND
PROGRAM OBJECTIVE MEMORANDUM

I. Introduction

General Issue

Within the Air Force Systems Command (AFSC), managers of research and development programs are very concerned with their respective shares of the military budget. The specifics of the budget, as authorized and appropriated by Congress, determine which resources go into the weapon system development programs. Although the ultimate determinations of military expenditures are made by Congress, the Department of Defense (DoD) and its military services make formal inputs to the congressional budgeting process through the DoD Planning, Programming, and Budgeting System (PPBS). In AFSC and other Air Force major commands (MAJCOMs), the key input to the PPBS is the Program Objective Memorandum (POM), submitted annually to HQ USAF. Many program managers see the POM as an opportunity to influence their own programs' fiscal success.

AFSC develops its POM after receiving inputs from the AFSC field organizations: product divisions, laboratories, and centers. These inputs are, fundamentally, rank-ordered

lists of an organization's existing and proposed programs. The funding proposed for these programs is consistent with the field organizations' perceptions of the relative importance and financial requirements of the programs. The POM inputs from the field are combined at HQ AFSC into a single list, which is reviewed and eventually becomes the AFSC POM.

The POM, in the budget programming process, is a vital element of the PPBS, because it bridges the gap between DoD planning and budgeting activities. How that gap is bridged at AFSC is the subject of this investigation.

Specific Problem

Many factors influence the development of the AFSC POM, both at the headquarters and field organizations. For example, a formal AFSC program planning initiative called Project Vanguard is used to identify mid- and long-term system needs to meet the requirements of specific mission areas, and to convert those system needs into program priorities. There are informal influencing factors as well, such as a POM decision maker's perception of congressional or executive level priorities. This investigation identifies the specific POM influencing factors, and describes their interrelationships and ultimate effects on the development of the AFSC POM. In so doing, it will promote an awareness of what tends to cause success or failure in the POM process.

Scope of the Research

This investigation addresses the multiple interacting factors that influence the programming process at HQ AFSC. Although some of the AFSC activities during the POM formulation are a direct result of guidance and direction from HQ USAF, this effort does not attempt to assess the validity or appropriateness of the Air Staff direction. Rather, the topic of investigation is limited to the identification of the discrete processes and pressures that combine to form the programming process at AFSC, as well as the direction, guidance, and perceptions that AFSC programmers (POM participants) and decision makers respond to in developing the AFSC POM submission.

Research Questions

This investigation seeks to answer two key questions. First, what are the formal and informal factors that influence the POM development process at HQ AFSC? More specifically,

-- What direction and guidance do AFSC programmers respond to?

-- What management tools are employed by AFSC programmers and decision makers to sort out the multiple elements that go into a POM formulation?

-- What are the external factors that bear on the POM formulation, such as a decision maker's perception of the program priorities at other MAJCOMs, HQ USAF, the Office of

the Secretary of Defense (DOD), Congress, or even the White House?

Second, what are the relative importances of these factors with respect to their influence on the most important product of the AFSC programming process, the AFSC POM?

Considering these relative importances, how might the efficiency or effectiveness of this process be improved?

II. Literature Review

In order to understand the context in which the AFSC POM is developed, this review of the relevant literature addresses three areas. First, the history of the DoD PPBS is discussed, with emphasis on its relationship to research and development activities. Second, the concept of the POM and its function in the PPBS is examined. Third, the AFSC POM development cycle is discussed, in terms of the major inputs and processes involved, as well as some deficiencies which may exist in the present system.

History of the DoD PPBS

In the late 1950s, the DoD came under increasing public criticism of its budgeting operations, because of an apparent gap between planning and operations on one hand, and financial management on the other. Leaders of the day suggested that the DoD move toward a budgeting system that corresponded more closely to a coherent strategic doctrine. In 1961, Secretary of Defense Robert McNamara was charged by President Kennedy to determine and provide what was needed to safeguard the national security without arbitrary budget limits, but to do so as economically as possible. Secretary McNamara set out to create a financial management control system that would integrate the planning, budgeting, and accounting activities throughout the DoD (13:13-15).

Assistant Secretary of Defense (Comptroller) Charles Hitch was assigned the task of creating such a system. He identified six weaknesses of the existing budgeting system:

1. Two important functions, planning and budgeting, were performed by different groups of people. Planning was done by military planners, and budgeting by the civilian secretaries and the comptroller organizations.
2. Budget control was exercised by the Secretary of Defense, but the planning function was largely done by the services.
3. The planning horizon extended four or more years into the future, but the budget was projected only one year ahead.
4. Military planning was mission-oriented, but budgeting was done in terms of budget categories: personnel, operations and maintenance, procurement, and construction. There were few mechanisms for translating one into the other.
5. While financial managers faced the facts of fiscal limitations, planning was fiscally unrealistic and, therefore, of little help to budget decision makers.
6. Military requirements were stated in absolute terms, with little regard for their costs, thus denying decision makers the opportunity to compare expected benefits and costs (13:15-17).

In 1961, Mr. Hitch designed a programming system, initially called the Five Year Force Structure and Financial

Program (FYF&PP), which created the first management tie between the long range planning done by the services and the constraints of the resources available to the DoD. This "programming" concept allowed DoD budget decision makers to see more clearly the available alternatives in terms of their military worth in relation to their costs. When Mr. Hitch resigned in 1965, he had achieved the integration of the planning and programming portions of the DoD budgeting process. Common terms and concepts were used by both the planning and the programming functions of the FYF&PP, which had come to be called the Five Year Defense Program (FYDP) (13:17,21).

Robert Anthony was appointed as the new Assistant Secretary of Defense (Comptroller). He completed the budgeting loop of the PPBS started by Mr. Hitch. Specifically, he revised the annual budgeting and accounting systems of the DoD so that there would be a completed path between the planning, programming, budgeting, and accounting functions. Mr. Anthony's changes established a means for translating resource costs into the FYDP, providing for a more comprehensive PPBS (13:21,23).

Although the implementation of the PPBS served to improve budget decision making, there were still deficiencies in the budgeting process. The most conspicuous of these were the cost overruns within DoD. They indicated that the PPBS had not been perfected, or at least that it was not being used correctly. There were several major

problems with the initial PPBS:

1. Program review for decision making was concentrated within too short a period.
2. The objectives of service programs and activities were not specified with sufficient clarity.
3. Actual program accomplishments to date were not specified adequately.
4. Alternatives were inadequately expressed for consideration by top management.
5. In some cases, future costs of present decisions had not been systematically estimated.
6. Formalized planning and systems analysis had too little effect on budget decisions (13:23-26).

When Melvin Laird became Secretary of Defense in 1969, he was familiar with the criticisms and deficiencies of the PPBS. He believed that these deficiencies resulted from a lack of involvement by lower-level managers in the decision making process, and from an unrealistic approach to developing the military budget. Thus, he set out to revise the PPBS to reflect a more participative management concept, and a more realistic approach to the budget (13:28-29).

Based on recommendations from Harold Brown, then Secretary of the Air Force, Mr. Laird in 1969 instituted changes in three areas. First, fiscal constraints were applied throughout the budget cycle. Previously, there had been a tendency to overestimate the costs of programs by the services because of the lack of fiscal constraints. It was

left to OSD to reduce the estimates to realistic levels. Second, the participation of OSD and the the Joint Chiefs of Staff was increased at the service level to encourage submission of service programs which recognized the need for the fiscal constraints discussed above. Third, a series of annual action points was established to provide better guidance from OSD to the services in preparing their budget proposals (13:34-58).

Although improved, the PPBS was still far from perfect. Over the next decade, the PPBS grew top-heavy and congested with paperwork and the details to support the budget proposals. Planning was not in step with fiscal realities, and the proliferation of management structures and data bases had served to impede the flow of the system. The PPBS was still meeting its basic objectives, but it was not doing so in the most effective manner (12:21).

Critics of the PPBS charged that the system was impeding the efficient development of the defense budget in at least four areas. First, the centralized planning approach did not provide sufficiently detailed force plans at the field and unit levels. Second, the services did not present adequate alternatives to top DoD management. Third, there was no requirement to systematically quantify future costs. Fourth, the central focus of the PPBS tended to be on the minor problems, with the result that DoD decision makers spent too little time considering major programs (10:21-22). In a 1980 report, OSD cost analyst Franklin

Spinney concluded that the PPBS directed attention to the planning and programming elements, as opposed to the defense program as a whole. Investment decision making was focused on individual programs. As a result, decision makers were overwhelmed with program details, and an incentive structure was created that favored those programs that predicted optimistically low future costs and high system capabilities (14:124).

In 1981, Deputy Secretary of Defense Frank Carlucci chartered five working groups to make recommendations for improving the defense systems acquisition process. Based on the report of these working groups, Mr. Carlucci initially identified 31 actions for implementation by DoD. Another action was added later. These actions, formerly known as the Carlucci initiatives, are now officially referred to as the DoD Acquisition Improvement Program. Four of these actions address the problem of program turbulence caused by a lack of discipline in planning and programming for the later years of an acquisition program (5:54,65-66).

The Acquisition Improvement Program implements a broad management philosophy: centralized planning and decentralized operational responsibilities. The central OSD staffs have been tasked to concentrate on broad policy guidance rather than detailed program direction as in prior years, and to emphasize cross-service and cross-command analysis to help the Secretary of Defense make the high priority decisions. Further, managers at all levels in DoD

are now expected to look for economies and efficiencies in executing their programs (12:27).

The POM and its Function in the PPBS

The programming phase of the PPBS is the first point where fiscal constraints are formally imposed on the military requirements developed during the planning phase. Since competing requirements must now be fitted into a fiscal ceiling, a high level of interest is expressed by all parties throughout the rest of the PPBS cycle. Programming is accomplished at HQ USAF through the use of planning phase products, inputs from the MAJCOMs, and guidance from OSD (7:16). The result is the proposed Air Force Program: the USAF Program Objective Memorandum.

In the programming phase of the PPBS, decisions are made about the programs the Air Force intends to pursue over the next five years. Thus, each year a POM is produced which programs funds and personnel over a five year period (3:11). The USAF FY 87 POM, for example, will actually be the FY 87-91 POM. FY 87 is the budget fiscal year, and FY 88-91 are considered the "out years" for that POM.

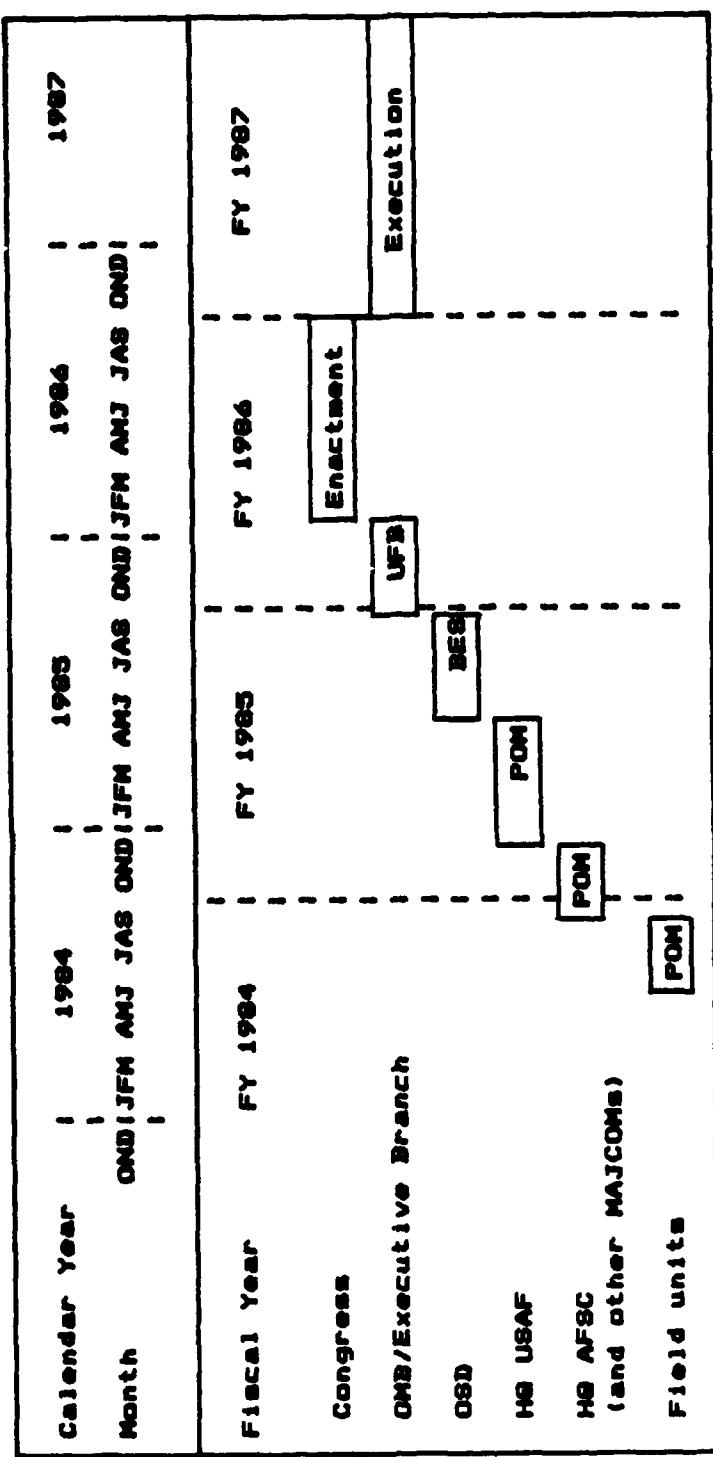
The USAF POM is developed annually over a six month period, following the receipt of the MAJCOM POMs. The POM must be completed by May 15, in order to influence the President's budget, due to Congress during the following January. Therefore, the MAJCOMs must submit their POMs to HQ USAF during the preceding December. This would be, for

example, December 1984, to affect the USAF FY 87 POM in May 1985, which will lead to the Joint USAF/DOD Budget Estimate Submission (BES) in September 1985, which will in turn influence the President's Unified Federal Budget (UFB) for FY 87, submitted to Congress in January 1986. If congressional authorization and appropriation actions are completed on time, the end result will be the FY 87 Defense Appropriations Act, signed into law by the President by 1 October 1986. The MAJCOMs, therefore, are working on their POMs at least 24 months ahead of the start of the budget fiscal year. Figure 1 illustrates these timing relationships.

The HQ USAF POM development is constrained by a directed fiscal ceiling, the Total Obligation Authority (TOA). The TOA is, or at least is a slight variation of, the budget year total from the most recent form of the prior year's budget. Using the example above, while HQ USAF is preparing its FY 87-91 POM in the spring of 1985, the FY 87 TOA will have come from the FY 87 Air Force total in the FY 86-90 President's budget.

The basic decision document of the POM is the Program Decision Package (PDP), which is a one to several page document that describes the current status and any proposed alternatives to a given Air Force program. A PDP describes some portion of the total Air Force program in terms of mission capabilities, dollars, and manpower, and may contain one or more program elements. PDPs were originally

Figure 1. Time-Phase Relationships of Programming and Budgeting Processes for Fiscal Year 1987



developed to support the POM process, but are now used throughout the year as a reliable source of program information (7:19). Several sample PDPs from the FY 86 AFSC POM are included as Appendix A.

An important activity in the Air Force POM development cycle is the ranking of the PDPs. The total of the current programs, proposed program enhancements, and proposed new program starts may exceed the TOA by as much as 10-20 billion dollars. The ranking process is designed to prioritize resource expenditures, to ensure that the most critical needs are met within the expected TOA. The process seeks to establish an Air Force program mix that is balanced between competing mission areas, force structure and support, readiness, and modernization (7:20-29).

The Air Force and other service POMs are reviewed by the Joint Staff, the OSD staff, and the Office of Management and Budget. The reviewers develop alternatives to some of the program proposals contained in the POMs. The Defense Resources Board (DRB), consisting of senior OSD and service representatives, reviews the alternatives and makes recommendations to the Secretary of Defense. The DRB was established in 1979 to improve the efficiency of the PPBS, by supervising the OSD review of the service POMs and the budget submission. In 1981, as part of the Acquisition Improvement Program, the role of the DRB was changed to that of assisting the Secretary of Defense in managing the entire PPBS (8:6). After consideration of the DRB recommendations,

the Secretary provides his decisions to each service via a Program Decision Memorandum (PDM). The POM, as modified by the PDM, serves as the baseline for the start of the budgeting phase of the PPBS (7:16).

The AFSC POM Development Cycle

In order for AFSC to make its POM submission to HQ USAF in December, the AFSC field organizations must begin work on their respective inputs during the preceding summer. During the FY 86 POM cycle, for example, AFSC's POM call was sent to the field organizations in early August, 1983 (see Appendix B). The AFSC Deputy Chief of Staff/Comptroller (AFSC/AC), primarily responsible for the POM, specified a due date for the field POM inputs in late September, 1983 (2).

The AFSC staff spends considerable time in deriving each field organization's share of the expected AFSC TDA. The field units then prepare prioritized inputs to balance against these TDA figures. As is the case at HQ AFSC, the field organizations expend significant effort in producing a rank-ordered list of their PDPs, that reflects the local program priorities (6:17-18).

Field organizations have expressed dissatisfaction with the baseline TDA allocation and PDP prioritization processes, and the lack of time to prepare an adequately researched POM submission. Fiscal guidance from HQ USAF is not clear on the funds which will flow to AFSC, so the

baseline TOAs for the AFSC field organizations are frequently changed (6:18).

Considerable criticism has been leveled against the concept of prioritizing PDPs at the AFSC field level or even at HQ AFSC. In the case of the field units, each program manager knows where his program stands with respect to the Air Force POM of the prior budget year, and, therefore, what the current Air Force priority of his program is. In keeping with his program direction, he will continue to seek support for his program at AFSC if his program is funded in the prior year's USAF POM, even though it may be outside the funded band at the field unit in this year's POM submission. If AFSC ranks it unfunded, he will then go to HQ USAF for support. As a practical matter, therefore, prioritization at levels lower than HQ USAF may be of little use to the program manager in his search to secure continued funding for his program (13:3-4).

An ad hoc study group was formed at AFSC to reflect on the lessons learned during the FY 94 POM exercise, and to formulate recommendations to improve future programming efforts. With respect to the ranking process, the predominant view of the study group was that prioritization of programs, either by PDP or by program element, would be better left to HQ USAF, in concert with the using commands. If the ranking requirement was eliminated from the AFSC cycle, the process of developing baseline TOAs for AFSC and its field organizations would also be eliminated. This

might reduce the administrative work load during the POM development by as much as 50 percent (6:18).

There is no formal direction, in the form of Air Force or AFSC regulations, that specifies how AFSC is to formulate its POM submission. The official direction for the MAJCOM POM submissions takes the form of the USAF POM Call, issued during each October. Other documentation requirements, such as requests for additional program information, come from multiple sources at HQ USAF, and one set of instructions may not recognize the activities directed by another set. AFSC finds itself preparing POM submissions to respond to multiple requirements. This has contributed to making the formulation process both complex and lengthy (1:1,6).

In 1982, AFSC implemented a revised POM process that was compatible, in terms of documentation and structure, with the USAF and DoD PPBS processes. Additionally, these changes stressed fiscal "credibility," by seeking to produce PDPs that document fully executable programs (2).

Appendix B is the FY 84-90 AFSC POM Call, 3 August 1983, with selected attachments. This document provided the basic POM instructions and guidance to the AFSC field units. The FY 83-89 USAF POM, 11 May 83, served as the baseline for the field units to prepare their FY 84 submissions. As such, the PDP priority list in the FY 83 USAF POM was to be the point of departure for the development of the field unit priority lists, and the FY 84-89 funding levels in the FY 83 USAF POM formed the baseline for the FY 84 submission (2).

Field organizations that wish to submit PDPs that differ from the USAF POM, either in program descriptions or funding levels, do so through a system of delta (change) PDPs. Additional PDPs are written that alter program descriptions, add dollars to, or subtract dollars from, the program baseline. This delta PDP system is fully explained in Appendix B.

After the field organization POM inputs are received at AFSC/ACB (the budget directorate), the PDPs are sent to the appropriate mission area panels. Table I lists the 11 panels at HQ AFSC. The mission area codes shown in the table correspond to the alphanumeric designator system used to identify the PDPs, and are sometimes used as a short way of referring to the panel.

As part of the panel deliberations, the PDPs are forwarded for corrections or revisions to the various system officers (SYSTOs). The AFSC SYSTOs are the staff officers who are concerned with the specifics of one or more development programs, serving a function comparable to that of the Air Staff Program Element Monitors (PEMs). Through contact with both the field system program offices and the PEMs, the SYSTOs incorporate the latest program information into the PDPs (4).

The mission area panels are chartered to use the field POM inputs and other source information to produce a proposed AFSC program mix of funding levels (PDP pricing) and priorities, within a specific mission area, e.g.,

Tactical Air Warfare or Command, Control, and Communications. During the panel deliberations, short briefings may be scheduled for SYSTOs to explain some of the details of their programs. The rankings of the panels are coordinated with AFSC directors (three-letter chiefs, e.g., AFSC/XRDX). After appropriate adjustments, the panel rankings are forwarded to the next level of POM development, the AFSC Program Review Committee (PRC) (ii).

TABLE I
Mission Area Panels at HQ AFSC (1:Atch 23)

<u>Mission Area Code</u>	<u>Mission Area Panel</u>
A	Strategic Offense
B	Strategic Defense
C/H	Command, Control, Communications/ Data Automation
E	Electronic Combat
J	Research and Development
K	Reconnaissance/Intelligence
M	Mobility
N	Space
P/S	Personnel Activities/Support
T	Tactical Air Warfare
U	War Reserve Material

The PRC meets to review the PDP pricing and rankings produced by the mission area panels, and to combine those rankings into an integrated priority list. This integrated PDP ranking, also called the "smash list," is produced after closed PRC meetings. During these closed sessions, individual panel chairmen are called in as needed to explain the panel pricing and ranking rationale (11).

Over the course of the POM formulation, Vanguard mission area briefings (see page 2) are presented to the corresponding panels and to the PRC. The conclusion of each Vanguard briefing includes a recommended priority of all program elements relating to that mission area. Since the PDPs tend to describe program activities funded by one or more program elements, the Vanguard mission area priorities can be used to derive a mission area PDP priority list. The Vanguard briefings also propose approximate funding levels for the relevant program elements.

The first integrated list is presented for comment to the AFSC directors, who may advocate changes based on their perceptions of the relative importances of missions and individual programs. When modified in response to the directors' inputs, the PRC chairman briefs the proposed POM to the AFSC Executive Council, which is made up of the Deputy Chiefs of Staff (DCSs), and is chaired by the AFSC Vice Commander (AFSC/CV). This presentation can extend over several days. The DCSs debate the relative merits of programs and their pricing, and actual changes to the POM

are made by the Council chairman. Most of the discussions during the Council sessions center on those programs close to the "margin," the funding cutoff defined by the AFSC TOA. Several iterative versions of the ranking may result from the Executive Council review (11).

The final phase of the POM development cycle occurs when the proposed POM, now approved by the Executive Council, is briefed to the AFSC Commander (AFSC/CC). During this briefing, the field organization commanders may attend as well. After final adjustments by the Commander, the AFSC POM is released to HQ USAF (11). Table II shows the approximate schedule of major events of the FY 86 POM development during August -- December 1983.

TABLE II
AFSC FY 84 POM Schedule (11)

AFSC POM Call to Field	3 Aug 83
Field Submission to AFSC	28 Sep
Vanguard Briefings to Council	27-28 Sep
DRS PDPs to Field	28 Sep
Vanguard Briefings to MAJCOMs	5-29 Oct
Initial Panels to PRC	17-21 Oct
Panels to PRC	31 Oct- 4 Nov
PRC/Panels to CV/Council	21-22 Nov
Feedback to Product Divisions	23 Nov
Panels to PRC on MAJCOM Views	23 & 28 Nov
PRC/Panels to CV/Council	30 Nov
CC/CV/Council/Division Commanders	16 Dec
AFSC POM to USAF	23 Dec

III. Methodology

This chapter describes the methodology that was used to collect the data necessary to address the research questions posed earlier. The discussion of the research methodology focuses on three areas. First, the selection of a structured interview technique is examined in comparison to other potential data collection methods. Second, the make-up of the survey instrument (structured interview outline) is described in terms of the topics addressed and their sequencing. The third area discussed is the survey population, including how the sample was selected, and the validity of conclusions that can be drawn about the population based on the survey results.

Selection of Data Collection Technique

The most basic choice of a method for collecting data to answer a research question is between experimentation, direct observation, and a form of survey. The characteristics of the research problem and its context can often determine the best or most feasible approach.

In this case, the objective of the research is to determine the multiple factors that influence the people who, in turn, influence the development of the AFSC POM. An experiment is not a feasible approach for two reasons. First, the nature of the research questions do not allow for

the formulation of a hypothesis that relates an independent variable to a dependent variable. The phenomenon of the POM development represents the combined effects of at least several influencing pressures and requirements. Second, experimentation requires the ability to control the independent variable to observe its effects on the dependent variable(s). The importance of the POM and the schedules of the people that produce it did not allow for the creation of experimental situations where controlling variables can be manipulated.

The second basic technique of data collection, direct observation, is feasible from a technical standpoint, in that observation of the decision making process during the POM development could, over time, present an accurate picture of what influences the decision makers. Nevertheless, direct observation was not feasible in practice. The time limitation for the completion of this project did not allow for observation of the next POM development cycle at HQ AFSC during the fall of this year. Further, observing some of the most important executive sessions of the senior officers at HQ AFSC might have represented an intrusion that would not be tolerated.

The last basic means of data collection, a form of survey, was the choice by elimination. Within this category, the choice was between a questionnaire or personal interview technique. Since this project represented an exploratory research effort into an area not formally

addressed before, the structured interview technique was selected as offering the greatest flexibility in identifying and exploring the POM development factors.

Description of the Survey Instrument

The survey instrument, which is included as Appendix C, is an outline for a structured interview. By structuring the survey questions, each question is posed in the same way to each respondent, thus promoting the reliability of the measure (9:215). The interview questions were divided into two basic parts. Part I dealt with the demographic characteristics of the respondents, and part II was concerned with information relating to the AFSC POM process. Within the second part, the questions were subdivided into three areas: A) the goals and objectives of the respondents with respect to the POM development, B) the direction, guidance, and source information the respondents used in past POM exercises, and C) the perceptions of the respondents as to the factors that have influenced them and others in reaching their POM decisions.

The interview questions were structured to move from the general areas of the respondent's background, to the more specific areas dealing with the POM influencing factors. Using this approach, the respondent's frame of reference could be learned, and the distortion effect of earlier questions on the later ones was minimized (9:238).

Survey Population and Measurement Validity

The most important criterion for determining the population that was surveyed was their participation in the AFSC POM process in some form of decision making capacity. The population selected for this survey consisted of the chairmen of the mission area panels, and the members of the PRC and its secretariat. The second key criterion was participation in or at least presence during the Executive Council or Commander's POM reviews. This approach provided a "next best" insight into the decision making of these general officers, since a personal interview with them was not possible.

The size of the population that meets both criteria for recent POM cycles is relatively small. The 11 panel chairmen, 8 or 9 members of the PRC, and several officers of the PRC Secretariat make up a survey population of less than 25 officers. At HQ AFSC, there are many people who participate in the POM process, but relatively few who are privy to the senior level decision making by the AFSC Executive Council and Commander. The data collection plan called for interviews with approximately ten appropriate decision makers at HQ AFSC.

The survey encompassed over 40% of the subject population, as defined above. Therefore, the correlation between the survey findings and the actual opinions of the population at large should be high. The keys to the validity of the study were the identification and selection

of interviewees, and the conduct of the interviews themselves. Successful personal interviews, in terms of measurement validity, meet three conditions: 1) the respondents have access to the information required, 2) they understand their roles in the investigation, and 3) they are motivated to accept those roles and respond to the interview questions accordingly (9:294). Careful selection of the respondents for this study, and appropriate conduct of the interviews improved the chances of meeting these criteria.

IV. Findings and Analysis

This chapter reports the results of the survey taken at HQ AFSC, and describes these results with respect to the individual survey questions listed in Appendix C. The discussion covers four areas. First, the respondents comprising the survey sample are described in terms of their reported demographic data. Second, the goals and objectives of the sample group that relate to the AFSC POM process are discussed. The third area is the direction, guidance, and source information that these officers have responded to in past POM exercises. Lastly, the fourth area deals with the POM influencing factors, as they affected the decision making of the survey respondents.

Sample Demographic Data

The survey for this project included interviews with ten officers at HQ AFSC, on 17 and 18 May 1984. The first four questions of the interviews dealt with the respondents' descriptive data. Table III shows the name, rank, office symbol, and position title of each of the survey respondents. The titles listed are those of the AFSC positions held by the respondents. These titles do not indicate the respondents' functions in the POM process, which are discussed below under question #8.

TABLE III
Survey Respondents

Name	Rank	Office	Position Title
AFSC/			
Dietrich, F.	Col	TEU	Dir, Test Resources
Franklin, R.	Lt Col	SDZS	Ch, Strike Systems Division
Hollisbaugh, G.	Lt Col	ACJ	Dir, Programming Integration
Ludwig, R.	Lt Col	SDOL	Ch, Launch & Orbital Div
Marshall, R.	Lt Col	XRX	Dir, Policy & Programs
Martin, C.	Maj	SDN	Mgr, Airlift Systems
Pearce, J.	Lt Col	DLXB	Asst, R & D Operations
Rapalee, E.	Col	DLX	Dir, Plans & Programs
Thurston, M.	Maj	SDWZ	Ch, Intelligence Division
Wolcott, J.	Col	SEB	Dir, Biotech & Human Factors

Question 5: Education or Training Related to Research and Development. Seven of the ten respondents had completed either advanced degree or training programs that were specifically oriented toward management of research and development activities. Of those, four had completed courses offered by the Defense Systems Management College. Other programs included various professional continuing education courses, primarily relating to systems acquisition and logistics.

Question 6: Specific Prior POM or Budget-Related Experience. Prior to their present assignments, six of the respondents had POM or budget-related experience. These experiences ranged from the preparation of POM inputs while working at a system program office, to participation in a POM mission area panel at HQ USAF.

Goals and Objectives

Question 7: Overall Objectives of the AFSC POM Process.

The respondents agreed widely in their perceptions of the objectives of AFSC's POM exercise. Seven of the respondents thought the most fundamental goal of this process is to provide to the Air Staff a balanced, well-priced budget proposal that recognizes both mission requirements and the fiscal realities of limited TDA. Minority opinions included beliefs that the goals are to secure the biggest share of the Air Force TDA for AFSC, or to produce a POM that is priced in response to program management direction.

Question 8: The Respondents' Official Functions in Support of the POM Process. Five respondents serve as chairmen of mission area panels. These include the Space, Mobility, War Reserve Material, Reconnaissance and Intelligence (Recce/Intell), and Research, Development, Test, and Evaluation (RDT&E) panels. Three respondents represent their deputy chiefs of staff as members of the PRC. The remaining two have POM functions of chairing a mission area sub-panel, and directing the PRC Secretariat.

Question 9: The Respondents' Objectives in the AFSC POM Process.

In comparison to question #7 (overall AFSC POM objectives), there was more diversity in the respondents' answers to this question. Nevertheless, the predominant response (by six of the interviewees) indicated a close correlation between their objectives and their perceptions of AFSC's objectives in the POM. These respondents felt that their goals are to provide an "executable" POM; that is, one where the PDP descriptions agree with the program direction, and where the funding proposed for those programs will allow the proper quantities of systems to be delivered on time. The fundamental POM objectives of the four other respondents, respectively, are to 1) get the most, in terms of systems produced, for the money spent, 2) increase the percentage of Air Force TOA spent on science and technology, 3) ensure that the requirements of the test & evaluation activities are made known to the other POM decision makers, and 4) "clean up" the POM process and get mission area panel chairmen involved in the programs' current year budget problems.

Question 10: The Respondents' Areas of Success. This question was posed to determine the respondents' successes in meeting the objectives they described in question #9. Although the responses varied widely, three interviewees agreed that they had helped improve the executability of the AFSC POM. Four respondents expressed satisfaction with the

increases in funding they had secured for their respective areas of interest. One respondent, for example, had succeeded in achieving a seven percent annual increase in science and technology funding for fiscal years 1985 and 1986.

Question 11: The Respondents' Areas of Difficulty.

The intent of this question was to identify which personal goals, of those defined earlier, gave the respondents the most difficulty. The answers tended to fall into two groups. Six respondents expressed frustration with some portion of the POM process itself. Most of the other respondents felt that they were not able to achieve satisfactory funding for the programs in their areas of interest.

Within the first group, the six interviewees felt hampered by a lack of time to prepare an adequately researched POM, guidance from the Air Staff that changes frequently, superficial depth of review in the PRC meetings, lack of information support from the field organizations, and what appeared to be arbitrary funding (ranking) decisions by officials at higher levels.

Direction, Guidance, and Source Information

Question 12: Specific POM Instructions from Higher Levels in AFSC or from HQ USAF. Three respondents felt that the Defense Guidance (DG), published annually by OSD, is the most important form of POM guidance used at HQ AFSC,

because it reflects OSD policy. Nevertheless, these respondents recognized at least two problems with using the DS for this purpose. First, when the DS is published each January, it is intended, among other things, to provide guidance for the services in preparing their respective POMs during that winter and spring. Thus, when the DS is used at HQ AFSC during the following autumn in preparing the AFSC POM for the next fiscal year, it is not sufficiently indicative of current OSD priorities. The second problem with the DS is that of generality. These respondents felt that a document which provides DoD-wide guidance is too broad to be of practical use to AFSC panel members and PRC decision makers.

The remaining seven respondents noted that there is no effective guidance for them from HQ USAF. This is because no USAF regulations specify how a MAJCOM POM is to be prepared, and because the USAF POM Call is not received at AFSC until October. At that time, much of AFSC's programming work, which begins in September, is already done.

Four respondents said that the majority of the useful guidance comes from AFSC's PRC Secretariat. This includes a letter of instruction for panel chairmen, and an instruction booklet for PRC members.

Question 13: Regulations or Letters of Instruction.

As noted above, there are no Air Force regulations governing the preparation of MAJCOM POMs. The official Air Force POM

instructions are those included in the annual Air Force POM Call, which is issued in October, too late to effectively influence the AFSC POM. Nevertheless, through early coordination with the appropriate Air Force offices, the PRC Secretariat receives advance notice of significant changes in direction.

Within AFSC, the instructions published by the PRC Secretariat provide most of the POM guidance to the 11 mission area panels. Only one respondent mentioned the AFSC regulation that deals with the POM development (AFSCR 23-12). He noted that this regulation has not provided useful guidance in past POM exercises, and is currently under revision.

Questions 14 and 15: Internal Guidance in the Form of Instructions or Advice from Peers or Superiors. Six of the ten respondents said they have made use of guidance they received from their counterparts and PEMs at HQ USAF. Most of this advice was solicited by the respondents, and took the form of recommendations for funding amounts or program priorities. All six of these respondents seemed to place heavy emphasis on the advice they received from the staff officers at HQ USAF.

Three respondents mentioned other sources of guidance and advice, including the AFSC SYSTOs and the DCBs to which the respondents report. As might be expected, they considered the inputs received from the SYSTOs to be advice, and that received from their DCBs to be guidance.

Nine respondents agreed that most of the informal (unofficial) information they have received over the course of POM exercises has been advisory in nature. Unofficial guidance or instructions, i.e., firm directions about how to proceed, are the exceptions to the rule.

Question 16: Information Available for POM Decision Making. This question was included in the interviews to establish which information sources the respondents had available to them during their POM deliberations. Although many of these types of information sources are available to all mission area panels and the PRC, all of these sources were not mentioned by every respondent. Even when prompted by the interviewer, most of the respondents did not acknowledge the importance of other sources. This may indicate the respondents' reliance on some information sources over others.

The most frequently cited POM information sources, mentioned by seven respondents, were the Vanguard briefings, including the program element priorities given for each mission area. None of the respondents, however, mentioned the Vanguard funding proposals as sources of information for their POM deliberations.

The second most frequently cited source, by five respondents, was the POM inputs from the AFSC field units. These inputs include the field proposals for program funding, in the form of updated PDPs, as well as the field commanders' PDP priorities. Each panel considers those PDPs

that relate to its mission area, and the relative priority of those PDPs, as specified by the field commanders.

Two additional information sources were each mentioned by three respondents. The first of these was the most current version of the USAF PDP priorities. These are indicated by either the prior budget year's USAF POM, or the USAF/DOD DES, depending on whether the DES has been completed (normally by September 15). According to the PRC Secretariat, the USAF PDP priorities are to be the starting point for the panels as they develop their new PDP priorities. The second information source cited by three respondents was the program priorities of the MAJCOMs that will use the system being developed by the programs under consideration. In most cases, this is only one MAJCOM. The members of the Tactical Air Warfare panel, for example, would have available the draft POM priorities of the Tactical Air Command.

Other sources of information that were listed by one or two respondents included specific mission area studies and plans, briefings from the SYSTEMs, coordination with the PEMs, cost analyses and estimates produced within AFSC, notes from prior POM exercises, and the respondents' perceptions of the priorities of the AFSC Commander and Vice Commander. Table IV summarizes these findings with respect to the available information sources, and the number of respondents who cited each source.

TABLE IV
Available POM Information Sources

<u>Information Source</u>	<u>Number of Respondents</u>
Vanguard Mission Area Briefings	7
Field POM Inputs	5
USAF PDP Priorities	3
MAJCOM Program Priorities	3
Mission Area Studies or Plans	2
SYSTO Briefings	2
PEM Coordination	2
AFSC Cost Analyses/Estimates	1
Prior POM Notes	1
Perceived Priorities of AFSC/CC/CV	1

Questions 17 and 18: The Adequacy of the Information and Alternative Sources. All ten respondents agreed that although the information available to them is adequate to accomplish their basic objectives, it is not ideal. The nature and degree of dissatisfaction with the available information varied among the respondents.

Four respondents felt that the details provided in the PDPs were often insufficient to fully evaluate and price a given program. In those cases, these respondents said they asked for additional information from the SYSTOs or PEMs.

Three respondents expressed dissatisfaction with the manpower information included in some PDPs. These respondents called the SYSTOS or field program offices to secure the required additional information.

Opinions given by other respondents included the problem of the AFSC POM being based on the prior budget year's DES, while the field POM inputs are based on the USAF POM. This creates the need to correct the field POM PDPs to account for the changes from the POM to the DES. One of the respondent members of the PRC said that there are not enough program details provided to the PRC during the briefings by the panel chairmen, but that time limitations would not allow for fully detailed explanations of all programs. Therefore, this respondent felt compelled to rely on the ability of the panel chairmen to produce adequate pricing and ranking within their respective mission areas.

POM Influencing Factors

Questions 17 and 20: External POM Influencing Factors.

These questions were included to identify those factors arising from events outside of HQ AFSC that nonetheless affected the development of the AFSC POM. In this case, the respondents were in close agreement about the external factors that influenced their POM deliberations.

Nine respondents said that the program priorities of the using MAJCOMs had an effect on their final POM products (either mission area panel or PRC recommendations).

Similarly, eight respondents mentioned the importance of the USAF program priorities, as manifested in the most recent USAF POM or DSS.

Five respondents cited the funding actions on specific programs at OSD or in Congress. These respondents felt that if the support (or lack of support) signals from OSD or Congress were strong, they would take this into consideration in their deliberations. Table V lists these external POM factors.

TABLE V
POM Influencing Factors External to AFSC

Influencing Factor	Number of Respondents
MAJCOM Program Priorities	9
USAF PDP Priorities	8
OSD/Congress Funding Actions	5

Questions 21 through 24: The Nature and Degree of Influence of the POM Factors. These four questions were designed to determine how the internal and external influencing factors affected the development of the AFSC POM, and what their relative importances are, in terms of how much they affected the outcome. The internal POM influencing factors were identified by questions 7, 9, 12,

14, and 16. The external factors were identified by questions 12, 14, 16, 19, and 20.

Seven of the respondents agreed that the Air Force program priorities, as given in the USAF POM or DES, are the single most important factor used in determining the PDP priorities that are recommended by the panels and by the PRC. This may be due in part to the POM instructions published by the PRC Secretariat, which specify that the USAF POM or DES priorities are to be used as a "point of departure" in developing the new AFSC priorities. Two of these seven respondents were willing to quantitatively estimate the degree of influence of the USAF program priorities on the AFSC POM. On the average, they felt that 50% of the AFSC rankings are due to the influence of the USAF POM or DES.*

The second most important influencing factor, as also described by seven respondents, was the program priorities of the using MAJCOMs, as given in their draft POMs or other programming documents. Four of these seven respondents felt that the MAJCOM priorities are as important, or nearly so, as the USAF program priorities. The other three members of this group expressed opinions that the MAJCOM priorities were a distant second to the USAF priorities, in terms of how much they influenced the AFSC POM. An important exception to this consensus of the influence of the MAJCOM priorities was the opinion of one of the respondent members of the PRC, who felt that the MAJCOM priorities play no

significant role at all in his decision making, at least in comparison to the influence of the USAF priorities and those of his DCS.

In general, the influence of the MAJCOM priorities was strongest among the respondent mission area panel chairmen, and much weaker among the respondent PRC members. Nevertheless, two of the three PRC members interviewed said they were significantly influenced by the opinions of the panel chairmen. Thus, the MAJCOM priorities may have had an indirect effect on the PRC.

The third and fourth most important influencing factors, each mentioned by three respondents, were the field POM inputs and the Vanguard mission area priorities. Even among these groups, however, the degree of influence of these factors was far less than that of either the USAF or MAJCOM program priorities.

Among the ten respondents, there was no consensus as to the relative importances of the remaining influencing factors. Table VI summarizes these findings regarding the relative importance of the POM influencing factors.

Questions 25 and 26: Factors Influencing Other Senior Decision Makers. These questions asked the respondents which factors seemed to influence the POM decision making of the senior officers they had observed at HQ AFSC. The officers mentioned by the respondents included the DCS members of the AFSC Executive Council, the AFSC Vice Commander, and the AFSC Commander.

TABLE VI
Relative Importance of Internal and External
POM Influencing Factors

<u>Factor Priority</u>	<u>POM Influencing Factor</u>
1	USAF PDP Priorities
2	MAJCOM Program Priorities
3	Field POM Inputs
4	Vanguard Mission Area Priorities
5	Other Factors: -- Mission Area Studies/Plans -- SYSTO Briefings -- PEM Coordination -- AFSC Cost Analyses/Estimates -- Prior POM Notes -- Perceived Priorities of /CC/CV -- OSD/Congress Funding Actions

The strong consensus (eight of ten) of the respondents was that these senior officers are influenced by the same set of factors, with two possible exceptions. First, the Air Force program priorities in the USAF POM or BES do not seem to play as big a role here as they do during the panel deliberations. Second, the opinions of the field unit commanders are given more consideration here than during

earlier phases of the AFSC POM cycle. These respondents also agreed that 90% or more of the PRC's proposals are not contested by the Executive Council or by the Commander. Rather, most of the discussion here centers about those programs at the "margin," the funding cutoff defined by the AFSC TOA for the budget year.

Thus, the three key influencing factors among these senior AFSC decision makers appear to be 1) the proposals of the PRC, 2) the program priorities of the using MAJCOMs, and 3) the opinions of the field unit commanders.

Three respondents felt that these officers are also influenced by Presidential priorities or funding actions at OSD or in Congress, although to a lesser extent than the other three factors discussed above.

V. Conclusions and Implications

Research Questions

As discussed in Chapter I, the research objective of this project was to answer two key questions. First, what are the formal and informal factors that influence the POM development process at HQ AFSC? More specifically,

-- What direction and guidance do AFSC programmers respond to?

-- What management tools are employed by AFSC programmers and decision makers to sort out the multiple elements that go into a POM formulation?

-- What are the external factors that bear on the POM formulation, such as a decision maker's perception of the program priorities at other MAJCOMs, HQ USAF, OSD, Congress, or even the White House?

Second, what are the relative importances of these factors with respect to their influence on the most important product of the AFSC programming process, the AFSC POM?

Considering these relative importances, how might the efficiency or effectiveness of this process be improved?

Each of these questions is discussed below, in terms of the survey findings.

Direction and Guidance. There is no USAF or AFSC regulation that specifies how AFSC is to prepare its POM. The external direction and guidance that motivates the AFSC

programming process is the USAF POM Call, issued annually in October. Most of the survey respondents felt this guidance was inadequate, because it comes too late to effectively influence the developing POM at AFSC. Additionally, there are informal documentation and information requests that come from the Air Staff, that serve to increase the administrative workload during the POM development. As a whole, the respondents agreed that the most useful guidance they receive comes from the PRC Secretariat in AFSC.

Management Tools. Some of the information sources available to the AFSC programmers can be considered "management tools." These sources are listed in Table IV (see page 37). For example, the Vanguard briefings are designed to present a mission area analysis of threats, requirements, and capabilities, and a synthesis of the related program elements and proposed new program starts. This can provide a POM decision maker with an overview of a mission area, in order better to weigh the competing PDPs. The usefulness of these tools is probably indicated by the frequency of citation and the relative importance of the POM influencing factors, as indicated in Tables IV and VI (see pages 37 and 42).

External Factors. The respondents largely agreed about which external factors have an effect on the AFSC POM. Most of the respondents mentioned the MAJCOM and USAF PDP priorities as being significant external factors, and half of the respondents also cited the trend of funding actions

at USAF or in Congress. Apparently, the most senior officers at AFSC are also influenced by these factors, although the USAF PDP priorities may be less important during the final stages of the POM development.

Factor Importance. The relative importance of the POM influencing factors became apparent over the course of the interviews. The large majority of the survey respondents cited the overriding importance of the USAF and MAJCOM program priorities. The relative priority, in terms of influence on the AFSC POM, of these and the other identified factors are listed in Table VI (see page 42).

Implications

The most fundamental conclusion that can be drawn from this research is the degree to which the program priorities of HQ USAF and the using MAJCOMs determine the PDP priorities reflected in the final AFSC POM. AFSC programmers expend considerable effort in preparing a POM that is consistent with, among other things, these external priorities. The reasons for this are apparently twofold. First, AFSC is conducting the research, development, and production of the weapon systems that these MAJCOMs will use. By recognizing the MAJCOM program priorities, AFSC programmers are, in effect, seeking to accommodate their "customers." Second, decision makers at HQ AFSC are aware, as are their counterparts at other MAJCOMs, that their POMs are only inputs to the USAF programming process. When AFSC

programmers coordinate with their Air Staff counterparts, they are seeking to avoid the surprises and disappointments that might otherwise result when the USAF POM is completed.

Although the reasons for placing so much emphasis on these external priorities during the development of the AFSC POM are valid, undertaking the effort to produce a prioritized PDP list may not be necessary. During the course of the USAF POM development, the Air Staff programmers will know what the program priorities of the using MAJCOMs are, because all MAJCOM POM inputs will have been submitted. Of course, they will also know what their own (USAF) priorities are. Since this information is available to Air Staff POM participants, prioritization of PDPs at AFSC based on the same information, with the same objectives, appears to be an inefficient application of effort.

This is not to suggest that all PDP prioritization associated with the AFSC POM should be discontinued. Prioritization of PDPs corresponding to pure research and exploratory development programs is appropriate, because AFSC is also responsible for the development of the new technology base. These programs will establish the new technologies necessary to support the development of future weapon systems. AFSC decision makers are those best qualified to decide the relative merits of these science and technology programs.

On the other hand, AFSC should reassess the practice of

prioritizing those PDPs associated with programs which are in advanced development or later phases of the development process. If the time spent on PDP prioritization could be applied to other portions of the POM process, then progress would be made toward achieving the truly "executable" POM.

Directions for Future Research

New research related to the AFSC POM development should seek to quantitatively establish the necessity, if any, for prioritizing PDPs for advanced development and higher programs. This might be done through a comparison of MAJCOM POM inputs, including that of AFSC, to the resulting Air Force POM. By comparing PDP pricing and priority lists, the researcher could establish the degree to which the AFSC POM input influences the USAF POM, and if that influence is comparable in magnitude or direction to that of the using MAJCOMs.

Appendix A: Sample Program Decision Packages

DESCRIPTION	PROGRAM LINE ITEM: ESD - C300 (U.S. MILITARY) (NOT APPROVED)						PROGRAM NUMBER: ESD - C300 (U.S. MILITARY) (NOT APPROVED)
	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	
MAIN PROCUREMENT (INITIAL)	19,034	20,125	22,004	22,000	22,000	22,000	
PP & M. AUTHORITY							
PROGRAM ELEMENT 33125 300 14000 ELECTRONIC + TELECOM	3,000	0	0	0	0	0	
PROGRAM ELEMENT 33125F 300 243000 OPERATION & TRAINING FAC	3,473	10,371	11,322	2	2	2	
300 243000 INTEL + COM	9,539	11,754	12,204	0	0	0	
NUMBER (INITIALIZATION)							
AFSC	0	0	0	0	0	0	
EM	0	0	0	0	0	0	
CIV	0	0	0	0	0	0	
TOT	0	0	0	0	0	0	

PAGE NUMBER: AD-315

PAGE NUMBER: AD-315

(1) USE OF CONTRACTS
IN PLACE OF ORDERS
OR CONTRACTS

DESCRIPTION:

(1) PURPOSE FOR MAINTENANCE OF AIRCRAFT STORES: (1) MAINTAIN AIRCRAFT STORES TO MEET THE REQUIREMENTS OF COMBAT, TRAINING, AND OTHER OPERATIONS; (2) MAINTAIN AIRCRAFT STORES IN THE EVENT OF AN EMERGENCY; (3) MAINTAIN AIRCRAFT STORES IN THE EVENT OF AN AIRCRAFT ACCIDENT, AND OTHER INCIDENTS.

ARMED SERVICES, AND CONTRACTORS OR COTRAC-

TORS.

DATA PROCESSING SUBSYSTEMS (QUANTITIES)

FY 65 FY 66 FY 67 FY 68 FY 69 FY 70

LINE

POP OUT AUTHORITY

12,214 10,355 20,490 24,152 27,384

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WORLD INDUSTRIALIZATION

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3400 TA3900 CIV PAY/BENEFITS

3440 200004 PREMIER MONT & SPT

340 20004 TACTICAL PLANS

THE JOURNAL OF CLIMATE

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Project 100

WATER POLLUTION (CONTINUED)

PROVIDE PRACTICAL LEADS TO AN IT'S 92 LOC. COST DATA IS INVALUABLE.

AN AIRBORNE AN F-17 AIRCRAFT BRIEFLY HOLD PEOPLE ABSTAIN. AND LEFT COUNTRY TO 2010 KILLED OVER RELEASE OF CIVILIAN FORCES TO SUPPORT NATIONAL OBJECTIVES AND FOR THESE IMMEDIATE NEEDS TO WEST POINT AND SECURITY REQUIREMENTS. SERVICES OF BRIEFLY AN F-17 19 A PRIMARY CAPTURE FOR EIGHTH REPORTER OF C-141 AND C-141 AIRCRAFT IN THE 1990.

RECEIVE NUMBER: 400-XXXX
PHONE NUMBER: 617-555-1234 RT 97 SEC
MAILING ADDRESS:
BOSTON, MASSACHUSETTS 02101

Appendix B: AFSC FY 86-90 POM Call (With Selected Attachments)



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE SYSTEMS COMMAND
ANDREWS AIR FORCE BASE, DC 20334

ccm:JW, AC

3 Aug 83

Re: FY 86-90 Program Objective Memorandum (POM) Call

To: AFSC, Laboratories, JOMPO, MSC/MPS-250B/MPS-262-2/MPS-242-3, 6307 2000
(Comptroller/Director)

1. This letter transmits the AFSC FY 86-90 POM instructions. Documentation requirements are attached. To minimize your work load and to maintain continuity, we have made minimum changes to last year's instructions. Those changes are highlighted below. As last year, we will be submitting the initial AFSC POM to HQ USAF in December. To meet this date, your POM submissions are due at HQ AFSC by 28 Sep 83.
2. The baseline for your submission will be the 11 May 83 Air Force POM, previously provided to you. If we require updates as a result of OSD Program Decision Memorandum (PDM) directions or HQ USAF MSG action, they will be specifically requested on an as required basis.
3. Continuing our initiatives of last year, we are maintaining a simplified system that is compatible with the HQ USAF and OSD PPM process. In addition, we will continue to stress fiscal credibility by insuring that our PDPs document programs which are fully executable.
4. As before, you are requested to submit a PDP priority list with your POM submission. The starting point for your rankings should be the HQ USAF PDP priority list which was provided you with the 11 May 83 USAF POM. Significant deviations from this priority should be justified. Considering fiscal realities, proposed increases (above the line entries) to your annual TOA should not exceed five percent. Existing manpower costs are not included in your TOA but will be structured here. However, civilian manpower delta PDPs you recommend in your funded area will be part of your allotted TOA.
5. The setting of force structure (the quantities of aircraft, missiles, etc., to be acquired) is a corporate USAF decision. As such, it is not appropriate to propose quantity reductions in order to fund increases in other programs. However, quantity adjustments that make good business sense in their own right may be proposed on that basis. With the exception of these possible good business sense adjustments, your PDP priority list should not contain force structure quantity reductions.
6. Although the programming of initial spares is an AFLC responsibility, we in AFSC are committed to delivering supported weapon systems to our users. To ensure that initial spares requirements are accounted for, you

are required to get the correct numbers from AFLC and show them as non-add entries on your PDPs. They will not count against your TOA. Details are provided in the attached instructions.

7. We have scheduled a POM workshop at HQ AFSC on 17 Aug 83. If you wish to participate, please provide the names of your attendees to HQ AFSC/ACJ, AUTOVON 858-4083, by 12 Aug 83.

FOR THE COMMANDER



DANIEL B. GERAN
Brigadier General, USAF
DCB/Comptroller

1 Atch
FY 86-90 POM Instructions

FY 86-90 POM INSTRUCTIONS

A. SUMMISSION PROCEDURES

1. **Submission Date.** The FY 86-90 POM with its applicable exhibits will be submitted to arrive at HQ AFSC/ACP not later than 29 Sep 83.

2. **Documentation Requirements.** Submit the original documentation package arranged by Mission Area and PDP number sequence within Mission Area and three copies (in same sequence as original) of PDP documentation to AFSC/ACJ (PDP, one-page backup and AFSC Form 103). See section D for number of copies of functional peculiar documentation and AFSC office to receive specific documentation. Documentation is not required for 6.1 and 6.2 programs.

3. **FY 85-89 Baseline.** You will be provided your portion of the AFSC extract of the POM baseline for FY 85-89 by PDP, delineated to cost element detail.

4. **Inflation Indexes.** Attachment 1 contains a list of AF Programs with individual inflation Data Sheets. The listed program offices will compute the inflation contents of the submission using the Inflation Data Sheets provided by HQ AFSC/ACC and dated as of 27 April 1983. All other programs will use the appropriate OSD Inflation Indexes listed in attachment 2. (Point of Contact: Mr. Capes, ACCM, AV 858-4251)

5. **Corrections to Submission.** If corrections to the POM submission become necessary, make only complete page changes and submit the revised pages to AFSC/ACJ.

B. SUMMISSION GUIDANCE/INSTRUCTIONS

Compliance with the following instructions will give the degree of standardization needed to provide a basis for efficient and comprehensive staff analysis.

1. Baseline will be the Air Force FY 85-89 POM (11 May 83). The baseline will be updated at HQ AFSC as required to reflect changes resulting from the OSD Issue Cycle, and provided to the field in an updated PDP. The FY 85 resource levels are shown for reference only, reflecting the actual funds in the FYDP and cannot be changed. Delta PDPs or new program PDPs should not show funding for FY 85. Do not submit PDPs which are based on a proposed reprogramming of FY 85 or prior year funds.

2. Some product divisions share in PDP resources. Based on dollar or effort predominance, these PDPs are assigned to a prime division that has the responsibility to coordinate other organizational entities portions of the PDP. The prime organization will obtain input from all other organizational entities and combine into one PDP. SAMTO programs will be integrated into the overall Space Division ranking. Laboratory programs are an exception to this. Organizational portions will be consolidated at AFSC.

3. A change system to the USAF POM baseline (delta PDP) will be used. PDPs will be uniquely identified by adding suffixes to the POM PDP number as follows (T645 is used as an example):

a. Baseline POM PDP (T645). If the cost (dollars and manpower) and content are executable (the programmed efforts as described in the PDP description are in gear with the programmed resources in the PDP) you therefore do not have an exception to executability. You do not have a program cost or content change to document. Mark "OK" on the PDP sent to you, insert the FY 90 estimate, and submit the PDP with your POM input.

b. Cost/Content Changes to POM PDP. The PDP, as written, directs a program that is not executable because of cost or content change. If the costs have changed (increased or decreased or the manpower requirements have increased) to do the content of the POM PDP, prepare two new PDPs with A and B suffixes to the basic PDP number as follows:

(1) Content Change (T645A). This PDP will match funds year-by-year as contained in the FY 86-89 columns of the POM PDP. However, the description reflects only that program content which can be accomplished within the POM dollars and available manpower (on executable content to match programmed resources). Also include a statement which says what part of the POM PDP content cannot be accomplished (really a program impact statement or an impact on denial of the manpower increase requested in the cost change PDP). This documents a zero growth option and eliminates the lowest priority program content.

(2) Cost Change (T645B). This PDP contains the same content as the baseline POM PDP, but shows the delta changes (increases or decreases) in funds or manpower required to do the program contained in the POM PDP description (i.e., the dollars and increased manpower required to execute the program described in the basic PDP description).

c. Reduced Level PDP (T645R). Submit a PDP which represents a significant and realistic reduction (10-15% minimum) in FY 86 to the funding and content of the baseline POM PDP. This PDP will have an R suffix, i.e., T645R. It will be a negative delta to the baseline POM PDP. Describe specific, discrete work efforts you are reducing. In accordance with paragraph 5 of the cover letter, do not rank force structure reductions.

d. Optional PDPs. Any other delta PDPs you wish to submit as changes to the baseline POM PDP should contain sequential numerical suffixes, i.e., T645-1, T645-2, etc., but maximum -5. For example, a dash package could be an optional production rate, a multiyear contracting proposal, or, a good idea.

e. New Starts. Proposed new starts require a PDP. These should be stand alone PDPs numbered as follows: Organization/Mission Area/Sequence Number. Example: ASD AXX1, ASD AXX2, ASD BXX3, ASD TXX4, ASD TXX5. In this example ASD had five new starts, two in the A mission area, one in the B mission area, and two in the T mission area. New start PDPs should be compatible with the new start feedback AFSC/XR is scheduled to send you in early August.

(1) Include only the manpower requirements of the new start that cannot be funded within current subcommand resources.

(2) For AFITC and AEDC: See Management and Support Funds, section D.10.c.4 for specific instructions for your new starts.

f. The PDP suffix numbering system described above implies that all proposed PDPs would be a delta to the POM funding baseline. There will be exceptions to this. If a proposed PDP is based upon another PDP (other than

the POM baseline PDP) also being funded (i.e., T645-1 builds on T645B), so state in the first sentence of the description section of each delta PDP. All ranked PDPs are deltas to the previously ranked level.

4. Required Documentation.

a. PDPs per paragraph 3 above.

b. AFSC Form 103 for each basic or A level PDP with executable program dollars indicated (FY 85 USAF POM program baseline). This does not apply to Management and Support PDPs.

c. A one-page backup sheet for each PDP which gives additional detail on PDP content or other pertinent information. As a minimum, this should justify why the PDP should be funded (for new starts, reference MENS or SON) and what the impact is of not funding. Where applicable, this sheet should provide a project breakout showing funds by designated project and fiscal year. (This requirement does not apply to the labs or Management and Support program elements, but see sections on O&M and Test and Evaluation for specific information on these programs.)

d. A PDP priority list which ranks your organization's PDPs, shows your cumulative TOA for FY 86 and FY 87, and indicates your approved TOA control total and proposed funding line. Limit programs above the proposed funding line to not more than 5% above your control total.

e. Other documentation described in the Functional Peculiar Requirements Section (paragraph D.).

C. PDP FORMULATION INSTRUCTIONS FOR PROPOSED DELTAS OR NEW START PDPs

• 1. Enter a short title which identifies the PDP (36 characters maximum including spaces). This title should be unique to the particular PDP, for example, "F-4 Squadrons." For delta PDPs which change baseline PDPs, apply a suffix such as "II, III, etc." Example: PDP entitled "F-15 ASAT" funds ASAT modification of a specific number of aircraft with an associated Initial Operational Capability (IOC). A delta PDP which would expand this program to provide additional aircraft should be entitled "F-15 ASAT (II)." For ease of sorting titles, the operative issue should be addressed in the beginning of the title (e.g., "BOS (TAC)" vs "TAC BOS"; "F-4 Upgrade" vs "Upgrade F-4"). If the delta package addresses manpower only, title it, e.g., "Manpower for B-1B", not "B-1B Manpower".

2. Description. Enter a succinct description of the proposed program including pertinent facts and figures. Limit this entry to 1100 characters including spaces. If the description would compromise security of a special access program, enter the following: "This is a special access program. Description will be granted strictly on a need to know basis." The description would emphasize what the resources provide. If a significant Initial Operational Capability (IOC)/Full Operational Capability (FOC) is involved, it should be addressed. Do not include advocacy in the PDP description. The first sentence of the PDP description should comprise an adequate "One-Liner" of what the PDP addresses/funds.

3. Classification. Affix the one-word security classification and downgrading on each sheet in accordance with AFR 205-1. Do not include information in any PDP classified higher than SECRET.

4. Major Procurement. Enter the procurement profile, when applicable. (See section D.6 on initial spares and D.7 multiyear procurement.)

5. Total Obligational Authority. Enter the total of all AFSC funds (\$M) shown in the PDP. This funding profile is the total of all appropriations within each program element, by fiscal year required to fund the particular PDP. Segregate all funding profiles by fiscal year by specific program element and appropriation. Include dollars for pay of civilian manpower (by manpower FSC) being requested.

6. Cost Element Detail. This is the second page of the PDP. Enter the detail breakout of the funds required for the PDP under each program element. Every appropriation should be subdivided into applicable cost element detail. Cost element codes and titles should be entered. The resources shown on the Cost Element Detail page must agree with those shown on the PDP Summary page. The applicable cost elements by appropriation are listed in POM CALL attachment 3.

Appendix C: Survey Instrument (Interview Outline)

I. Respondent Information:

1. Name
2. Rank or rating
3. Office symbol
4. Title or position
5. Education or training related to research and development
6. Specific prior Program Objective Memorandum (POM) or budget-related experience

II. Air Force Systems Command (AFSC) POM process information:

A. Goals and objectives

7. What are the overall objectives of the AFSC POM process?
8. What is your official function in support of this process?
9. What are your objectives with respect to the POM process?
10. With respect to these goals, what are the areas in which you consider yourself to be most successful?
11. What goals do you have the most difficulty achieving, and why?

B. Direction, guidance, and source information

12. What were the specific instructions from higher levels in AFSC or from HQ USAF that provided the formal guidance for you in preparing your contribution to the POM?
13. Were those instructions in the form of regulations, or were they letters of instruction from higher authorities?

14. What was the informal guidance that you received, in the form of instructions from your peers or superiors?

15. What portions of that guidance was in the form of advice, as opposed to directions?

16. What information did you have at your disposal to reach your decisions regarding the POM?

17. What was the adequacy of this information?

18. If you found some information lacking, what were you able to do about it?

C. Influencing factors

19. What were the external factors that related to your participation in the POM process, such as consideration of program priorities outside AFSC, or the status of a given program outside DoD?

20. Did these external factors include consideration of the trend of funding actions at HQ USAF, OSD, or Congress?

21. How did these external factors affect your POM decisions?

22. Considering all of the influencing factors that you have identified, what are their relative importances in terms of their influence on your decision making?

23. Are some of these factors significantly more important than others?

24. What would be appropriate values (weighting factors) describing the relative importances of some or all of these factors?

25. Who were the senior decision makers that you observed during your participation in the POM process?

26. From your point of view, what were the pressures that influenced their decision making, and to what extent?

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VITA

Captain Mark Welty was born on 23 September 1954, in Santa Monica CA. Following attendance in public schools in several states and in Tirol, Austria, he graduated from high school in Arvada CO. In 1977, he received a Bachelor of Arts degree in physics from the University of Colorado, and was commissioned through the Air Force Reserve Officers Training Corps program.

His initial active service was at the Air Force Weapons Laboratory, Kirtland AFB NM, where he managed studies assessing the physical security of USAF nuclear weapons. After being transferred to the Electronic Systems Division (ESD), Hanscom AFB MA, Captain Welty managed contractor efforts to improve the interoperability of tactical command, control, and communications (C3) systems. He wrote the 1982 Tactical C3 Vanguard Sub-Mission Area Plan, and drafted the ESD Vanguard Planners' Guide. In 1982, he was selected to prepare the initial integrated priority list for the ESD FY 83-87 Program Objective Memorandum.

Captain Welty entered the School of Systems and Logistics, Air Force Institute of Technology, in May 1983.

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(thesis)

This investigation identifies the formal and informal factors that influence the annual development of the Program Objective Memorandum (POM) at the Air Force Systems Command (AFSC). The POM is a key element of the DoD Planning, Programming, and Budgeting System (PPBS), and is designed to bridge the gap between fiscally unconstrained military planning activities, and the fiscally constrained DoD budget submission. AFSC and other Air Force major commands (MAJCOMs) prepare POM submissions for Headquarters USAF, where they are used in the development of the USAF POM.

The history of the DoD PPBS is reviewed, along with a discussion of the concept of the POM and its role in the PPBS, and a description of the AFSC POM development cycle.

A survey, in the form of structured interviews, was conducted at Headquarters AFSC among a sample of POM decision makers. The results indicate a number of factors that influence the POM development to varying degrees. Some of these factors arise as a result of program-related developments outside of AFSC. The predominant factors, in terms of their effects on the AFSC POM, are the program priorities of the using MAJCOMs and Headquarters USAF.

The report calls into question the practice of prioritizing certain programs in the AFSC POM submission, based on an apparent duplication of effort at AFSC and Headquarters USAF.

[Signature]

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